



North Carolina Department of Health and Human Services
Division of Budget and Analysis

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

James B. Slate, Jr.
Division Director

April 2, 2014

MEMORANDUM # 2014-01

TO: Division Directors
Office Directors
Division Budget Officers

FROM: Jim Slate *Jim Slate*

SUBJECT: 2013-14 Budget Management Initiatives

In connection with the Memorandum from Governor Pat McCrory titled "2013-14 Budget Management Initiatives" issued March 27, 2014 (attached), this memorandum provides guidance as it relates to salary increases, purchasing, reduced administrative spending and the acceleration of revenue collections.

The following addresses the key areas included in the Governor's memo:

1. *Most salary increases, such as career banding and in-range adjustments, should be discontinued.*
 - The guidance in reference to this item will be forthcoming from the Department's Human Resource office.
2. *Limit purchase for goods and services to the minimum amounts and inventories required. Non-essential purchases should be canceled.*
 - Purchase orders for food, drugs and other supplies necessary to operate state facilities may be issued without prior approval; however minimum inventories should be maintained for these items.
 - All other purchases must receive prior approval from the Division Director prior to obligation and inventories should be kept to a minimum. This includes purchases made with procurement cards (P-cards) or any new or amended purchase orders (**the use of P-cards is still encouraged for timeliness and efficiency with Division Director prior approval of purchase**).
3. *Reduce administrative spending (such as travel and administrative personnel costs) evaluate all contracts (for profit, non-profit and those with universities and other state agencies) and other allocations.*
 - All new and amended contracts including any contract renewals must receive prior approval from the Division Director prior to obligation.
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- Travel will fall into two broad categories; travel which is essential to position responsibilities and all other travel.
- Travel Essential to Position Responsibilities. To the extent that staff incurs travel directly related to the care and well-being of individuals served by the State, this travel should continue. To the extent that travel is an absolute necessity in order to carry out the primary responsibilities of a position (e.g. monitoring, licensing, etc.), this travel should also continue upon approval by the Division Director. Travel for these staff should be minimized to the greatest degree possible.
- All Other Travel. No other travel will be eligible for reimbursement unless an exception to this policy is granted by the Division Director.

Receipts that wholly or partially support agency operations must be collected timely, such that the General Fund is not bearing this cost. Monthly revenue clearing accounts for revenues "due to" the General Fund and prior year earned revenues in the ensuing fiscal year, which reflect a timing differential between when receipts are earned and when they are collected, should be minimal.

- Please ensure that we are accessing our federal resources in a timely fashion.

We would like to thank you once again for your continued efforts in managing your Divisions and services. The Division of Budget and Analysis will be available to answer any additional questions that you might have as it relates to these policies.

CC: Mark Payne
Mark Gogal
Matt McKillip
Budget and Analysis Analysts